

**DEXTER TOWNSHIP
Washtenaw County, Michigan**

AUDITED FINANCIAL REPORT

**For the Fiscal Year Ended
March 31, 2023**

DEXTER TOWNSHIP
For the Year Ended March 31, 2023

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Independent Auditor's Report

To the Board of Trustees
Dexter Township, Michigan

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Township, Michigan, as of and for the year ended March 31, 2023, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Dexter Township, Michigan, as of March 31, 2023, and the respective changes in its financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Township and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Board of Trustees
Dexter Township, Michigan

In performing an audit in accordance with generally accepted accounting standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Respectfully,



PSLZ PLLC
Certified Public Accountants

September 15, 2023

Management's Discussion and Analysis

As management of Dexter Township, we offer readers of Dexter Township's financial statements this narrative overview and analysis of the financial activities of Dexter Township for the fiscal year ended March 31, 2023.

Financial Highlights

- The assets of Dexter Township exceeded its liabilities at the close of the most recent fiscal year by \$11,190,495 (*net position*). Of this amount, \$4,138,089 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, Dexter Township's governmental funds reported combined ending fund balances of \$7,458,830 an increase of \$177,743 in comparison with the prior year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$4,290,264.
- In November 2022, the voters approved .5000 mills to be levied over 10 years, for the purpose of farmland and open space preservation within the Township.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Dexter Township's basic financial statements. Dexter Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of Dexter Township's finances, in a manner similar to a private-sector business. The *statement of net position* presents information on all of Dexter Township's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Dexter Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of Dexter Township that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Dexter Township include general government, public safety, public works and other activities. The Township has no business-type activities.

The government-wide financial statements can be found on pages 9 and 10 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Dexter Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Dexter Township can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Dexter Township maintains six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Police, Fire, Multi Lake, and American Rescue Plan Act Funds, which are all considered to be major funds.

Dexter Township adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for the general fund and the major special revenue funds to demonstrate compliance with the annual appropriated budget.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. *Fiduciary funds* are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support Dexter Township's own programs.

The basic fiduciary fund financial statements can be found on page 16 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-33 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Dexter Township, assets exceeded liabilities by \$11,347,863 at the close of the most recent fiscal year.

	2023	2022
Current and Other Assets	\$ 8,128,835	\$ 7,896,911
Capital Assets	3,883,840	3,820,719
Total Assets	<u>12,012,675</u>	<u>11,717,630</u>
Deferred Outflows	8,340	102,428
Other Liabilities	749,004	472,195
Deferred Inflows	81,516	-
Net Position:		
Net Investment in		
Capital Assets	3,883,840	3,820,719
Restricted	3,168,566	3,065,097
Unrestricted	4,138,089	4,462,047
Total Net Position	<u>\$ 11,190,495</u>	<u>\$ 11,347,863</u>

A portion of Dexter Township's net position (35 percent) reflects its investment in capital assets (e.g., land, buildings, infrastructure, and equipment), less any related debt used to acquire those assets that is still outstanding. Dexter Township used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Dexter Township's investments in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Some of Dexter Township's net position (28 percent) represents resources that are subject to external restrictions on how they may be used. The remaining portion - *unrestricted net position* (\$4,138,089) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Dexter Township is able to report positive balances in all three categories of net position.

The government's net position decreased by \$157,368 during the current fiscal year as shown in the table below:

	<u>2023</u>	<u>2022</u>
Program Revenues:		
Charges for Services	\$ 47,642	\$ 46,419
Operating Grants	63,941	16,381
General Revenues:		
Property Taxes	2,531,944	2,198,076
State Shared Revenues	818,780	622,736
Franchise Fees	56,015	54,115
Gain on Sale of Assets	82,072	-
Unrestricted Investment Earnings	48,855	2,999
Total Revenues	<u>3,649,249</u>	<u>2,940,726</u>
Program Expenses		
General Government	1,150,019	511,815
Public Safety	1,746,511	1,556,787
Planning and Zoning	163,928	167,393
Public Works	701,693	635,566
Other	44,466	27,763
Total Expenses	<u>3,806,617</u>	<u>2,899,324</u>
Change in Net Position	<u>\$ (157,368)</u>	<u>\$ 41,402</u>

Governmental activities. Governmental activities decreased Dexter Township's net position by \$157,368 as compared to an increase in the prior year of \$41,402. Property tax revenues increased 5% over the prior year. State shared revenue increased 31% which included a lump sum census adjustment distribution by the State of \$79,398 to adjust for the 2020 census population increase in the Township. The Township revenues reflect a significant increase in interest income due to the current economic climate. Also, general government expenses reflect an increase of \$222,628 in net pension liabilities as the pension trust recorded a net investment loss as of December 31, 2022 due to market conditions at the measurement date.

Public Works expenses reflect \$269,241 that the Township distributed to the Multi Lake Sewer Authority for debt service obligations. The Sewer Authority did not distribute any funds to Dexter Township in fiscal year 2023.

Financial Analysis of the Government's Funds

As noted earlier, Dexter Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Dexter Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Dexter Township's financing requirements. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Dexter Township's governmental funds reported combined ending fund balances of \$7,458,830, an increase of \$177,743 in comparison with the prior year. \$4,290,264 of this total amount constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, or committed.

The general fund is the chief operating fund of Dexter Township. At the end of the current fiscal year, the unrestricted fund balance of the general fund was \$4,290,264.

General Fund Budgetary Highlights

The General Fund original adopted revenues and expenditures were not amended during fiscal year 2023. The adopted budget projected a decrease in year end fund balance of \$444,433, and the actual amounts as of March 31, 2023 were an increase in fund balance of \$102,197.

Capital Asset and Debt Administration

Capital assets. Dexter Township's investment in capital assets for its governmental activities as of March 31, 2023, amounts to \$3,883,840 (net of accumulated depreciation). This investment in capital assets includes land, buildings, sewer improvements, and equipment. Current year additions to capital assets include new entrance doors for the Township hall, and \$678,439 of road improvements.

Additional information on Dexter Township's capital assets can be found in note III.B. on page 26 of this report.

Long-term debt. The Township did not issue any debt in fiscal year 2023.

Economic Factors and Next Year's Budgets and Rates

The Township is projecting a slight increase in property tax revenues due to projected taxable value increases for the next fiscal year and state shared revenues to remain stable. The Township has adopted a balanced budget for fiscal year 2023/2024.

Requests for Information

This financial report is designed to provide a general overview of Dexter Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Dexter Township Supervisor.

BASIC FINANCIAL STATEMENTS

DEXTER TOWNSHIP
Statement of Net Position
March 31, 2023

	<u>Governmental Activities</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 8,031,563
Receivables (Net of Allowance for Uncollectibles):	97,272
Capital Assets (Net of Accumulated Depreciation)	<u>3,883,840</u>
Total Assets	<u>12,012,675</u>
 <u>DEFERRED OUTFLOW OF RESOURCES</u>	
Deferred Amount related to Pensions	<u>8,340</u>
 <u>LIABILITIES</u>	
Accounts Payable	24,217
Unearned Revenue-ARPA	645,788
Net Pension Liability	<u>78,999</u>
Total Liabilities	<u>749,004</u>
 <u>DEFERRED INFLOW OF RESOURCES</u>	
Deferred Amount related to Pensions	<u>81,516</u>
 <u>Net Position</u>	
Net Investment in Capital Assets	3,883,840
Restricted for:	
Public Safety	2,925,430
Land Preservation	243,136
Unrestricted	<u>4,138,089</u>
Total Net Position	<u>\$ 11,190,495</u>

DEXTER TOWNSHIP
Statement of Activities
For the Year Ended March 31, 2023

<u>Functions/Programs</u>	Program Revenues				Net (Expense) Revenue and Changes in Net Position
Primary Government:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
General Government	\$ 1,150,019	\$ 44,265	\$ 37,810	\$ -	\$ (1,067,944)
Public Safety	1,746,511	-	14,500	-	(1,732,011)
Public Works	701,693	-	11,631	-	(690,062)
Planning and Zoning	163,928	3,377	-	-	(160,551)
Other	44,466	-	-	-	(44,466)
Total Governmental Activities	\$ 3,806,617	\$ 47,642	\$ 63,941	\$ -	(3,695,034)
General Revenues:					
Property Taxes					2,531,944
State Shared Revenue					818,780
Franchise Fees					56,015
Unrestricted Investment Earnings					48,855
Gain on Sale of Assets					82,072
Total General Revenues					3,537,666
Change in Net Position					(157,368)
Net Position – Beginning					11,347,863
Net Position – Ending					\$ 11,190,495

DEXTER TOWNSHIP
Balance Sheet
Governmental Funds
March 31, 2023

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Multi Lake Fund</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,284,766	\$ 1,376,697	\$ 1,488,926	\$ -
Receivables (net of Allowance for Uncollectibles)	24,658	23,784	40,277	-
Total Assets	\$ 4,309,424	\$ 1,400,481	\$ 1,529,203	\$ -
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts Payable	\$ 19,160	\$ 2,319	\$ 1,935	\$ -
Unearned Revenue-ARPA	-	-	-	-
Total Liabilities	19,160	2,319	1,935	-
Fund Balances:				
Restricted:				
Public Safety	-	1,398,162	1,527,268	-
Land Preservation	-	-	-	-
Unrestricted:				
Unassigned	4,290,264	-	-	-
Total Fund Balances	4,290,264	1,398,162	1,527,268	-
Total Liabilities and Fund Balances	\$ 4,309,424	\$ 1,400,481	\$ 1,529,203	\$ -

Amounts reported for governmental activities in the statement of net position are different because:

Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the funds.

Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds:

Net Pension Liability

Net Deferred Outflows(Inflows) Related to Pensions

Net Position of Governmental Activities

<u>American Rescue Plan Act Grant Fund</u>	<u>Nonmajor Fund Open Space Fund</u>	<u>Total Governmental Funds</u>
\$ 645,788	\$ 235,386	\$ 8,031,563
<u>-</u>	<u>8,553</u>	<u>97,272</u>
<u>\$ 645,788</u>	<u>\$ 243,939</u>	<u>\$ 8,128,835</u>
\$ -	\$ 803	\$ 24,217
<u>645,788</u>	<u>-</u>	<u>645,788</u>
<u>645,788</u>	<u>803</u>	<u>670,005</u>
<u>-</u>	<u>-</u>	<u>2,925,430</u>
<u>-</u>	<u>243,136</u>	<u>243,136</u>
<u>-</u>	<u>-</u>	<u>4,290,264</u>
<u>-</u>	<u>243,136</u>	<u>7,458,830</u>
<u>\$ 645,788</u>	<u>\$ 243,939</u>	
		3,883,840
		(78,999)
		<u>(73,176)</u>
		<u>\$ 11,190,495</u>

DEXTER TOWNSHIP
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended March 31, 2023

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>	<u>Multi Lake Fund</u>
<u>Revenues</u>				
Property Taxes	\$ 360,220	\$ 649,225	\$ 1,099,394	\$ -
Property Tax Administrative Fee	189,630	-	-	-
Intergovernmental:				
Federal, State and Local	830,411	-	-	-
Licenses and Permits	14,668	-	-	-
Charges for Services	15,943	-	-	-
Fines and Forfeitures	4,820	-	-	-
Franchise Fees	56,015	-	-	-
Interest	28,619	9,439	9,439	-
Other	291,701	557	13,943	-
Total Revenues	<u>1,792,027</u>	<u>659,221</u>	<u>1,122,776</u>	<u>-</u>
<u>Expenditures</u>				
General Government	705,747	-	-	-
Public Safety	-	518,808	1,133,615	-
Public Works	56,686	-	-	269,241
Planning and Zoning	163,928	-	-	-
Other	24,846	-	-	-
Capital Outlay	738,623	-	-	-
Total Expenditures	<u>1,689,830</u>	<u>518,808</u>	<u>1,133,615</u>	<u>269,241</u>
Excess (Deficiency) of Revenues Over Expenditures	102,197	140,413	(10,839)	(269,241)
Fund Balances – Beginning	<u>4,188,067</u>	<u>1,257,749</u>	<u>1,538,107</u>	<u>269,241</u>
Fund Balances – Ending	<u>\$ 4,290,264</u>	<u>\$ 1,398,162</u>	<u>\$ 1,527,268</u>	<u>\$ -</u>

American Rescue Plan Act Grant Fund	Nonmajor Fund Open Space Fund	Total Governmental Funds
\$ -	\$ 233,475	\$ 2,342,314
-	-	189,630
37,500	-	867,911
-	-	14,668
-	-	15,943
-	-	4,820
-	-	56,015
-	1,358	48,855
-	-	306,201
<u>37,500</u>	<u>234,833</u>	<u>3,846,357</u>
-	-	705,747
-	-	1,652,423
-	-	325,927
-	-	163,928
-	19,620	44,466
37,500	-	776,123
<u>37,500</u>	<u>19,620</u>	<u>3,668,614</u>
-	215,213	177,743
-	27,923	7,281,087
<u>\$ -</u>	<u>\$ 243,136</u>	<u>\$ 7,458,830</u>

DEXTER TOWNSHIP
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2023

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 177,743
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:

Capital Outlay	688,804
Depreciation Expense	(428,575)
Sale of Assets	(197,108)

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on Net Position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Increase in Net Pension Liability (net of deferred inflows/outflows)	<u>(398,232)</u>
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Change in Net Position in governmental activities	\$ <u><u>(157,368)</u></u>
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DEXTER TOWNSHIP
Statement of Net Position
Fiduciary Funds
March 31, 2023

	Custodial Funds
<u>ASSETS</u>	
Cash	\$ <u>100,658</u>
<u>LIABILITIES</u>	
Due to Other Governmental Units	5,408
Deposits and Escrows	<u>95,250</u>
Total Liabilities	<u>100,658</u>
NET POSITION	\$ <u><u>-</u></u>

DEXTER TOWNSHIP
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended March 31, 2023

	Custodial Funds
Additions:	
Deposits and Escrows Collected	\$ 61,275
Taxes Collected for Other Governments	<u>19,419,557</u>
Total Additions	<u>19,480,832</u>
Deductions:	
Deposits and Escrows Refunded	61,275
Payments of Taxes to Other Governments	<u>19,419,557</u>
Total Deductions	<u>19,480,832</u>
Change in Net Position	-
Net Position - Beginning of year	<u>-</u>
Net Position - End of year	\$ <u><u>-</u></u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dexter Township operates under a Board of Trustees form of government and provides the following services as permitted by law: public safety (police and fire), cultural and recreation, public improvements, planning and zoning, and general administrative services.

The accounting policies of Dexter Township conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

A. Scope of Reporting Entity

In accordance with the provisions of the Governmental Accounting Standards Board's Statement, the financial statements of Dexter Township should contain all the Township funds and authorities for which the Township is financially accountable and the nature and significance of their relationship with the Township are such that exclusion would cause the Township's financial statements to be misleading or incomplete. Financial accountability exists if the Township appoints a voting majority of an organization's governing board, is either able to impose its will on another organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on the Township, or if an organization is fiscally dependent on the Township.

The following organization is not part of Dexter Township and is excluded from the accompanying financial statements for the reasons stated:

Joint Ventures

The Multi Lake Water & Sewer Authority is a joint venture formed by Dexter Township and Lyndon Townships, incorporated on October 4, 1994, under Public Act 233 of 1955, as amended. The purpose of the Authority is to acquire, operate, maintain and administer the sewage disposal systems and water supply systems constructed under the Authority's jurisdiction. Unadilla and Putnam Townships were added as voting members through their participation in later phases of the Authority's operations. Dexter Township appoints only 4 of the 8 voting members of the board.

Complete financial statements of the Multi Lake Water and Sewer Authority component unit may be obtained at the Multi Lake Water and Sewer Authority administrative offices, 12088 North Territorial Road, Dexter, Michigan 48130.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

A. Scope of Reporting Entity – Continued

Joint Ventures-Continued

Portage and Base Lake Water & Sewer Authority

- * Dexter Township does not appoint a voting majority
- * Budgets are approved by the Authority Board

The Portage and Base Lake Water & Sewer Authority was organized in 1988 under Public Act 233 of 1955 as a joint venture between Dexter Township, Hamburg Township, Putnam Township and Webster Township. The Authority was established to provide water and sewer services to the Portage and Base Lake residents. The Authority board is appointed by the legislative bodies of the aforementioned communities.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities* are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Governmental Funds

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Police Fund is a special revenue fund used to account for the voter approved property taxes used to support police protection and related services.

The Fire Fund is a special revenue fund used to account for the voter approved property taxes used to support fire protection and related services.

The Multi Lake Fund is a special revenue fund used to account for capital improvements and debt retirement through user charges and special assessment districts.

The American Rescue Plan Act (ARPA) Grant Fund is a special revenue fund used to account for ARPA grant funds received and expended.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation – Continued

Fiduciary Funds

Fiduciary Funds account for assets held by the government in a trustee capacity by the Township or as an agent on behalf of others. Fiduciary funds include the custodial fund types.

Restricted Resources

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as needed.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

D. Assets, Liabilities, and Net Position or Equity

1. Deposits and Investments

The Township's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Township to invest in obligations of the U.S. Treasury, commercial paper of certain investment grades, and deposits of Michigan commercial banks.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. non-current portion of interfund loans).

All receivables are shown net of allowances for uncollectible accounts. The allowance for uncollectible accounts is \$-0- at March 31, 2023.

3. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-30
Equipment	4-10
Infrastructure	30

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Liabilities and Net Position or Equity – Continued

4. Accumulated Unpaid Vacation and Sick Pay

The Dexter Township employee benefit package does not allow the accumulation of vacation or sick pay.

5. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the Statement of Net Position.

6. Fund Equity

In accordance with generally accepted accounting principles (G.A.S.B. 54) the Township has classified its equity in the governmental funds as follows:

- Non-Spendable – Amounts classified as “Non-Spendable” include balances in prepaid insurance and long term accounts receivable. These balances are deemed to be “Non Spendable” as they cannot generally be liquidated to spend in the following year.
- Restricted – The equity in the Multi Lake Fund can only be used for debt retirement on the 2010 refunding bonds. Revenues in the Police and Fire Funds are restricted to these activities.
- Committed Fund Balances – are those formal allocations requiring a resolution or other actions of the Township Board. Expenditures are first applied to “Committed Fund Balance” allocations.
- Assigned Fund Balances are developed by elected officials and are generally reviewed and approved by the Township Board. Expenditures are first applied to “assigned” then to “unassigned” balances.

The Township has no minimum fund balance policies or stabilization funds.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY– Continued

A. Budgetary Information

The Township is legally subject to the budgetary control requirements of the State of Michigan P.A. 621 of 1978 (Uniform Budgeting Act). The following is a summary of the requirements of this act:

- a. Budgets must be adopted for the General and Special Revenue Funds.
- b. Budgets must be balanced.
- c. Budgets must be amended as necessary.
- d. Public hearings must be held prior to adoption.
- e. Expenditures cannot exceed budget appropriations.
- f. Expenditures must be authorized by a budget appropriation prior to being incurred.

The Township follows these procedures in establishing the budgetary data reflected in these financial statements:

1. In accordance with State law, prior to March 31, the Supervisor submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and means of financing them for the upcoming year. Detail line item budgets are included for administrative control. The level of control for the detail budgets is at the departmental basis.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to March 31, the budget is legally enacted through passage of a budget resolution (general appropriation act).
4. Formal budgetary integration is employed as a management control device for the General and Special Revenue Funds. Budgets for these funds are prepared and adopted on a basis consistent with generally accepted accounting principles (GAAP).
5. Budget appropriations lapse at year end.
6. The Township does not employ encumbrance accounting as an extension of formal budgetary integration in the governmental funds.
7. Budgeted amounts are reported as originally adopted and as amended by the Township Board.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – Continued

B. Compliance with P.A. 621 of 1978

1. Deficit Fund Balance

None of the funds have a deficit fund balance as of March 31, 2023.

2. Excess of Expenditures over Appropriations in Budgetary Funds:

The budgets for the General and Special Revenue Funds are adopted at the activity level. As of March 31, 2023, the Fire Fund had expenditures in excess of appropriations of \$136,065.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Under State law, the Township is permitted to invest in deposits with Michigan commercial banks, savings and loans and credit unions, obligations of the U.S. Treasury, and corporate bonds and commercial paper with certain investment grades.

The following information as required by the Governmental Accounting Standards Board Statement Number 40 is presented regarding the Township's deposits and investments:

Custodial Credit Risk. In the event of a bank failure, the Township's deposits may not be recovered. Neither State law nor the Township's investment policy requires consideration of custodial credit risk. As of March 31, 2023, the Township's book balance of its deposits was \$8,132,221. The bank balance was \$8,218,119 of which \$7,718,119 was uninsured and uncollateralized.

A reconciliation of cash to the accompanying financial statements follows:

Statement of Net Position:	
Cash and Cash Equivalents	\$ 8,031,563
Fiduciary Fund:	
Cash	<u>100,658</u>
Total	<u>\$ 8,132,221</u>

State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

A. Deposits and Investments – Continued

Interest Rate Risk. The Township does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At year end, the Township had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Michigan CLASS Fund	<u>\$ 2,183,264</u>	<u>72 days</u>

Credit Risk. State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Township's investment policy does not further limit its investment choices. As of year end, the credit quality ratings of debt securities are as follows:

	<u>Fair Value</u>	<u>Rating</u>
Michigan CLASS Fund	<u>\$ 2,183,264</u>	<u>AAAm</u>

Concentration of Credit Risk. The Township's investment policy places no limit on the amount the Township may invest in any one issuer. Approximately 27 percent of the Dexter Township's cash and investments are in the Michigan CLASS Fund Investment Pool. The fair value position in the pool is not the same as the value of the pool shares, since the pool does not meet the requirements under GASB 79 to report its value for financial reporting purposes at amortized costs.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

B. Capital Assets

Capital asset activity for the year ended March 31, 2023 was as follows:

<u>Governmental Activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets, not depreciated:				
Land	\$ 40,197	\$ -	\$ -	\$ 40,197
Capital Assets, being depreciated:				
Building and Improvements	3,508,632	10,365	(236,530)	3,282,467
Machinery and Equipment	496,919	-	-	496,919
Infrastructure	8,760,864	678,439	-	9,439,303
	<u>12,766,415</u>	<u>688,804</u>	<u>(236,530)</u>	<u>13,218,689</u>
Less: Accumulated Depreciation:				
Building and Improvements	(1,032,699)	(109,800)	39,422	(1,103,077)
Machinery and Equipment	(286,037)	(21,094)	-	(307,131)
Infrastructure	(7,667,157)	(297,681)	-	(7,964,838)
	<u>(8,985,893)</u>	<u>(428,575)</u>	<u>39,422</u>	<u>(9,375,046)</u>
Governmental Activities Capital Assets, net	<u>\$ 3,820,719</u>	<u>\$ 260,229</u>	<u>\$ (197,108)</u>	<u>\$ 3,883,840</u>

Depreciated expense was charged to functions of the Township as follows:

General Government	\$ 46,040
Public Safety	94,088
Public Works	288,447
	<u>\$ 428,575</u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

C. Property Taxes

Property tax assessments are determined (tax day) as of each December 31, and are levied on December 1 of the following year. The Township bills and collects its own property taxes and also taxes for the County and various school districts which are accounted for in the Tax Collection Agency Fund. Township property tax revenues are recognized when levied to the extent that they are measurable and available. The maximum authorized operating levies for the Township's 2022 tax roll are detailed below:

<u>Purpose</u>	<u>Authorization</u>	<u>Authorized Rate (Pre Rollback)</u>	<u>Per \$1,000 State Equalized Value</u>	<u>Rate Levied</u>
			<u>Authorized Rate (Post Rollback)</u>	
Operating	State Law	1.1600	.7708	.7708
Fire	Voter Approved	2.4000	2.3543	2.3543
Police Services	Voter Approved	1.4586	1.3903	1.3903
Land Preservation	Voter Approved	.5000	.5000	<u>.5000</u>
Total				<u>5.0154</u>

D. Risk Management

Dexter Township is a member of the Michigan Township Participating Plan for its property and casualty insurance coverage and maintains commercial insurance coverage for workers compensation. The Township believes such coverage is sufficient to preclude any significant uninsured losses to the Township. Settled claims have not exceeded this coverage in any of the past three fiscal years.

E. Commitments

In 2015, the Township entered into an agreement with the Washtenaw County Road Commission to accomplish certain local road improvements in the Township, including Carriage Hills. The total project costs were expected to be \$602,000. The Township made a contribution of \$60,000 toward the project (made in January of 2015) and the remaining balance is to be paid through a special assessment roll of the benefitting residents. Additionally, the Township pledged its full faith and credit (subject to constitutional limits) in the event that the special assessment collections are not sufficient to meet the annual principal and interest payments on the County bonds issued to finance the project. The final installment on the County bond debt is December 1, 2023.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan

1. Plan Description

The Township contributes to the Michigan Municipal Employees' Retirement System (MMERS), which is an agent multiple employer retirement system that covers full time employees of the Township. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member Retirement Board. MERS issues a publicly available financial report, which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at www.mersofmichigan.com or in writing to MERS at 1134 Municipal Way, Lansing, Michigan 48917.

The system provides the following provisions: normal retirement, deferred retirement, service retirement allowance, disability retirement allowance, nonduty-connected death and postretirement adjustments to plan members and their beneficiaries. The service requirement is computed using credited service at the time of termination of membership multiplied by a certain percentage based on the benefit program in effect as of the date of termination of membership times the final average compensation (FAC). The most recent period for which actuarial data was available was for the actuarial valuation as of December 31, 2022.

2. Benefits Provided

The Plan provides retirement, disability, and death benefits to plan members and their beneficiaries, as established by Public Act 427 of 1984, as amended. The Plan covers all full-time employees at the Township including union and non-union employees. Benefits are calculated as 2.0 percent of the employee's three-year final average compensation. Normal retirement age is 60. Deferred retirement benefits vest after 8 years of credited service but are not paid until the date retirement would have occurred if the member had remained an employee.

Benefit terms, within the guidelines established by MERS, are generally established and amended by authority of the Township Board.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan - Continued

3. Employees Covered by Benefit Terms

At the December 31, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	14
Inactive plan members entitled to but not yet receiving benefits	10
Active Plan Members	<u>0</u>
Total Employees covered by MERS	<u>24</u>

4. Contributions

The State of Michigan Constitution, Article 9, Section 24, requires that financial benefits arising on account of employee services rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution.

The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. In addition, employees are required to contribute 9.2% of pay. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The employer may establish contribution rates to be paid by its covered employees.

The Township is required to contribute at an actuarially determined rate; the current rate was a flat rate since the plan is closed to members. During the fiscal year ended March 31, 2023, the Township's contributions totaling \$33,360 made in accordance with contribution requirements determined by an actuarial valuation of the plan as of December 31, 2021.

5. Net Pension Liability

The net pension liability reported at March 31, 2023 was determined using a measure of the total pension liability and the plan net position as of December 31, 2022. The December 31, 2022 total pension liability was determined by an actuarial valuation performed as of that date.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan - Continued

5. Net Pension Liability – Continued

Changes in the net pension liability during the measurement year were as follows:

<u>Changes in Net Pension Liability</u>	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Net Position</u>	<u>Net Pension Liability (Asset)</u>
Balance at January 1, 2022	\$ 1,134,493	\$ 1,278,122	\$ (143,629)
Service Cost	-	-	-
Interest	78,652	-	78,652
Contributions-Employer	-	31,848	(31,848)
Contributions-Employee	-	3,145	(3,145)
Net Investment Income(Loss)	-	(132,285)	132,285
Differences between Expected and Actual Experience	44,368	-	44,368
Changes in Assumptions	-	-	-
Benefit Payments, including refunds	(99,278)	(99,278)	-
Administrative Expenses	-	(2,316)	2,316
Net Changes	<u>23,742</u>	<u>(198,886)</u>	<u>222,628</u>
Balance at December 31, 2022	<u>\$ 1,158,235</u>	<u>\$ 1,079,236</u>	<u>\$ 78,999</u>

6. Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended March 31, 2023, the Township reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

<u>Source</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on pension plan investments	\$ -	\$ 81,516
Employer contributions to the plan subsequent to the measurement date	8,340	-
Total	<u>\$ 8,340</u>	<u>\$ 81,516</u>

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan - Continued

6. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – continued

Amounts reported as deferred outflows of resources related to pension will be recognized in pension expense as follows:

Years Ending March 31	Amount
2024	\$ (7,835)
2025	(16,879)
2026	(28,401)
2027	(28,401)

7. Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00%
Investment rate of return	7.00%

Mortality rates were based on the RP=2014 Healthy Annuitant Mortality Tables of a 50 percent male and 50 percent female blend with rates multiplied by 105%. For disabled retirees, the 50% Male and 50% Female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of the most recent actuarial experience study from 2009-2013.

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan - Continued

8. Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that the employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

9. Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2022, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global Equity	60%	4.50%
Global Fixed Income	20%	2.00%
Private Investments	20%	7.00%

DEXTER TOWNSHIP
Notes to Financial Statements
March 31, 2023

III. DETAILED NOTES ON ALL FUNDS – Continued

F. Employee Retirement Plan - Defined Benefit Plan - Continued

10. Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Township, calculated using the discount rate of 7.25 percent, as well as what the Township's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
	<u>(6.25%)</u>	<u>Discount Rate</u>	<u>(8.25%)</u>
		<u>(7.25%)</u>	
Net Pension Liability	\$ <u>160,389</u>	\$ <u>78,999</u>	\$ <u>7,619</u>

11. Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in the separately issued financial report. For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the plan's fiduciary net position and addition to/deduction from fiduciary net position have been determined on the same basis as they are reported by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

G. Upcoming Accounting Pronouncements

The Governmental Accounting Standards Board has issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences as well as the disclosure requirements. This statement requires that the compensated absence liability be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This statement is effective for the Township's financial statements beginning with the fiscal year ending March 31, 2025.

REQUIRED SUPPLEMENTARY INFORMATION

DEXTER TOWNSHIP
Required Supplemental Information
Schedule of Changes in the Net Pension Liability and Related Ratios
Last Ten Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability:								
Service Cost	\$ -	\$ 3,331	\$ 11,990	\$ 25,068	\$ 22,935	\$ 28,275	\$ 28,458	\$ 22,850
Interest	78,652	84,641	77,637	77,036	72,020	68,575	65,517	57,922
Difference between Expected and Actual Experience	44,368	(41,161)	46,927	(2,378)	22,266	3,272	(5,415)	10,160
Assumption Changes	-	26,655	41,855	24,264	-	-	-	43,143
Benefit payments, including refunds	(99,278)	(102,003)	(61,836)	(55,909)	(55,249)	(53,531)	(46,972)	(40,514)
Other changes	-	-	-	-	-	-	-	1,810
Net Change in Total Pension Liability	23,742	(28,537)	116,573	68,081	61,972	46,591	41,588	95,371
Total Pension Liability, Beginning of year	1,134,493	1,163,030	1,046,457	978,376	916,404	869,813	828,225	732,854
Total Pension Liability, End of year	\$ 1,158,235	\$ 1,134,493	\$ 1,163,030	\$ 1,046,457	\$ 978,376	\$ 916,404	\$ 869,813	\$ 828,225
Plan Fiduciary Net Position:								
Contributions - Employer	\$ 31,848	\$ 26,274	\$ 21,921	\$ 269,606	\$ 43,397	\$ 23,611	\$ 9,686	\$ 8,632
Contributions - Employee	3,145	5,867	20,465	20,427	25,115	23,344	22,669	21,825
Net Investment Income (Loss)	(132,285)	163,676	138,091	112,507	(30,333)	88,622	69,230	(9,531)
Administrative Expenses	(2,316)	(1,878)	(2,164)	(1,893)	(1,483)	(1,402)	(1,366)	(1,387)
Benefit payments, including refunds	(99,278)	(102,003)	(61,836)	(55,909)	(55,249)	(53,531)	(46,972)	(40,514)
Net Change in Plan Fiduciary Net Position	(198,886)	91,936	116,477	344,738	(18,553)	80,644	53,247	(20,975)
Plan Fiduciary Net Position, Beg. of year	1,278,122	1,186,186	1,069,709	724,971	743,524	662,880	609,633	630,608
Plan Fiduciary Net Position, End of year	\$ 1,079,236	\$ 1,278,122	\$ 1,186,186	\$ 1,069,709	\$ 724,971	\$ 743,524	\$ 662,880	\$ 609,633
Township's Net Pension Liability/(Asset) - Ending	\$ 78,999	\$ (143,629)	\$ (23,156)	\$ (23,252)	\$ 253,405	\$ 172,880	\$ 206,933	\$ 218,592
Plan Fiduciary Net Position as a Percent of Total Pension Liability	93.2%	112.7%	102.0%	102.2%	74.1%	81.1%	76.2%	73.6%
Covered Employee Payroll	\$ -	\$ 28,472	\$ 105,269	\$ 222,036	\$ 211,771	\$ 260,598	\$ 263,011	\$ 215,562
Township's Net Pension Liability as a Percent of Covered Employee Payroll	0.0%	-504.5%	-22.0%	-10.5%	119.7%	66.3%	78.7%	101.4%

DEXTER TOWNSHIP
Required Supplemental Information
Schedule of Township Pension Contributions
Last Ten Fiscal Years

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 33,360	\$ 27,312	\$ 23,160	\$ 15,826	\$ 14,219	\$ 13,563	\$ 10,286	\$ 7,896	\$ 9,622	\$ 6,471
Contributions in relation to the actuarially determined contribution	33,360	27,312	23,160	215,826	69,219	42,563	21,286	7,896	9,622	6,471
Contribution-Additional (Deficiency)	\$ -	\$ -	\$ -	\$ 200,000	\$ 55,000	\$ 29,000	\$ 11,000	\$ -	\$ -	\$ -
Covered Employee Payroll	\$ -	\$ 28,472	\$ 105,269	\$ 222,036	\$ 211,771	\$ 260,598	\$ 263,011	\$ 215,562	\$ 206,537	\$ 203,988
Contributions as a Percentage of Covered Employee Payroll	0.0%	95.9%	22.0%	97.2%	32.7%	16.3%	8.1%	3.7%	4.7%	3.2%

Actuarial valuation information relative to the determination of contributions:
 Actuarially determined contribution rates are calculated as of December 31 each year, which is 15 months prior to the beginning of the fiscal year in which the contributions are required.

Methods and assumptions used to determine contribution rates:
 Actuarial Cost Method Entry-age normal
 Amortization Method Level percentage of pay, closed
 Remaining Amortization Period 16 years
 Asset Valuation Method 5 year smoothed market
 Inflation 2.50%
 Salary Increases 3.0% including inflation
 Investment Rate of Return 7.00%
 Retirement Age Age 60, Early retirement with reduced benefits at age 50 with 25 years of service or 55 with 15 years of service.
 Mortality 50% Male - 50% Female blend of the RP=2014 Healthy Annuitant Mortality Tables.

DEXTER TOWNSHIP
General Fund
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual
For the Year Ended March 31, 2023

	Original Budget	Final Budget	Actual	Variance- Favorable (Unfavorable)
Revenues:				
General Property Taxes	\$ 351,558	\$ 351,558	\$ 360,220	\$ 8,662
Property Tax Administrative Fee	229,781	229,781	189,630	(40,151)
Intergovernmental – State	610,000	610,000	830,411	220,411
Licenses and Permits	16,600	16,600	14,668	(1,932)
Charges for Services	26,000	26,000	15,943	(10,057)
Fines and Forfeitures	5,000	5,000	4,820	(180)
Franchise Fees	70,000	70,000	56,015	(13,985)
Interest	5,000	5,000	28,619	23,619
Miscellaneous	1,500	1,500	291,701	290,201
Total Revenues	<u>1,315,439</u>	<u>1,315,439</u>	<u>1,792,027</u>	<u>476,588</u>
Expenditures:				
General Government:				
Township Board	34,920	34,920	24,249	10,671
Supervisor	45,490	45,490	38,455	7,035
Clerk	91,140	91,140	61,341	29,799
Elections	44,500	44,500	53,478	(8,978)
Treasurer	96,550	96,550	81,334	15,216
Assessing	68,700	68,700	69,603	(903)
Board of Review	3,950	3,950	2,162	1,788
Cemetery	5,500	5,500	3,357	2,143
Building and Grounds	43,100	43,100	43,681	(581)
Information Technology	21,500	21,500	7,488	14,012
Other	314,400	314,400	320,599	(6,199)
Total General Government	<u>769,750</u>	<u>769,750</u>	<u>705,747</u>	<u>64,003</u>
Public Works:				
Road Improvements	63,500	63,500	45,681	17,819
Drains-at-Large	3,000	3,000	5,880	(2,880)
Landfill	13,000	13,000	5,125	7,875
Total Public Works	<u>79,500</u>	<u>79,500</u>	<u>56,686</u>	<u>22,814</u>
Planning and Zoning:				
Planning and Zoning Administration	167,920	167,920	162,566	5,354
Zoning Board of Appeals	4,250	4,250	1,362	2,888
Total Planning and Zoning	<u>172,170</u>	<u>172,170</u>	<u>163,928</u>	<u>8,242</u>
Community Service Support	40,450	32,950	24,846	8,104
Capital Outlay	698,002	705,502	738,623	(33,121)
Total Expenditures	<u>1,759,872</u>	<u>1,759,872</u>	<u>1,689,830</u>	<u>70,042</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (444,433)</u>	<u>\$ (444,433)</u>	102,197	<u>\$ 546,630</u>
Fund Balance – April 1			<u>4,188,067</u>	
Fund Balance – March 31			<u>\$ 4,290,264</u>	

DEXTER TOWNSHIP
Police Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended March 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Property Taxes	\$ 640,460	\$ 640,460	\$ 649,225	\$ 8,765
Interest Income	1,000	1,000	9,439	8,439
Donation	-	-	557	557
Total Revenues	<u>641,460</u>	<u>641,460</u>	<u>659,221</u>	<u>17,761</u>
Expenditures:				
Public Safety	<u>531,500</u>	<u>531,500</u>	<u>518,808</u>	<u>12,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 109,960</u>	<u>\$ 109,960</u>	140,413	<u>\$ 30,453</u>
Fund Balance – April 1			<u>1,257,749</u>	
Fund Balance – March 31			<u>\$ 1,398,162</u>	

DEXTER TOWNSHIP
Fire Special Revenue Fund
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual
For the Year Ended March 31, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
Revenues:				
Property Taxes	\$ 1,084,650	\$ 1,084,650	\$ 1,099,394	\$ 14,744
Interest Income	4,000	4,000	9,439	5,439
Donation	-	-	13,943	13,943
Total Revenues	<u>1,088,650</u>	<u>1,088,650</u>	<u>1,122,776</u>	<u>34,126</u>
Expenditures:				
Public Safety	<u>997,550</u>	<u>997,550</u>	<u>1,133,615</u>	<u>(136,065)</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ <u>91,100</u>	\$ <u>91,100</u>	(10,839)	\$ <u>(101,939)</u>
Fund Balance – April 1			<u>1,538,107</u>	
Fund Balance – March 31			<u>\$ 1,527,268</u>	

